



Is that light – or hell fire – at tunnel’s end?

Industry prosperity can’t last forever, but preparation now can help you be ready if – and when – the cycle ends.

“If you are just riding the wave of a supply shortage combined with high demand, you could be in BIG trouble when the cycle ends (which it always does).”



Mark Zweig

EDITORIAL

The A/E industry is hot right now, People! The overall industry is as healthy – or healthier – than I have EVER seen it in 35 years in this business. We have seen some companies doing incredibly well. Growth rates are up. Profits are high. More people are making more money in this business than I have ever seen. It really is something.

But, a word of caution: If you are successful right now, make sure it is because of what you are actually **DOING** as a company and not in spite of it. If you are just riding the wave of a supply shortage combined with high demand, you could be in **BIG** trouble when the cycle ends (which it always does).

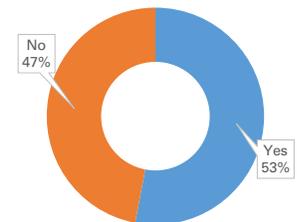
Here are my thoughts:

- **Make sure your marketing is working and you are getting good jobs with clients who enhance your reputation and pay their bills promptly.** A good brand will help you survive the next downturn. Minimizing marketing investments **NOW** because you can get away with it will ensure suffering later.
- **Take care of your people.** Yes, you may have made a lot of sacrifices, cut your pay every which way to Sunday, and made less in the bad times and now are making hay and feel you deserve it. You probably do. But don’t forget about the good people, too, who are making it happen every day. I’m not talking about everyone in the firm – everyone has some less-than-star-performers – but your best people can’t be forgotten now that times are

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TRENDLINES

Was your firm affected by the ACA?



Zweig Group’s [2015 Policies, Procedures & Benefits Survey](#) finds that the Affordable Care Act, which was enacted in 2014, affected a majority of A/E consulting firms’ healthcare coverage/policies. Fifty-three percent of respondents reported that their firm’s health care coverage/policies have been affected by the ACA. Forty-seven percent of respondents reported that their firm’s health care coverage/policies have not been affected. – Leah Santos, research analyst assistant

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LEADERSHIP FOCUS ISSUE

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DOING GOOD

Pay it forward

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TRANSACTIONS // ON THE MOVE

ATWELL, PEAK CIVIL CONSULTANTS COMPLETE DEAL [Atwell, LLC](#) (Southfield, MI), a consulting, engineering, and construction services firm, recently announced its acquisition of Denver-based [Peak Civil Consultants Inc.](#), a civil engineering firm that provides professional design, master planning, and land surveying services throughout the Rocky Mountain region. All Peak Civil employees, including founder Jeff French, have joined Atwell as part of the acquisition.

BARDSLEY ARCHITECTS + ENGINEERS APPOINTS 3 BOARD DIRECTORS [Beardsley Architects + Engineers](#) (Auburn, NY), a full-service design firm, has announced the appointment of three new members to its board:

- **Barry Halperin:** A principal and former owner of the firm, Halperin joined Beardsley in 2000 and has been a key developer of the firm's vision and direction.
- **Carmen Lapine:** A principal and civil engineer with more than 25 years' experience in design and construction.
- **Michael Reynolds:** A principal architect who joined the firm in 2000, Reynolds targets service and the client experience as prerequisites to exceptional architecture.

GLENN GIUSTINO REJOINS FLETCHER THOMPSON [FletcherThompson](#) (Bridgeport, CT), an architectural, engineering, and interior design

firm, announced the addition of **Glenn Giustino** as director of its mechanical-electrical engineering department. Giustino rejoins the firm after spending 15 years as a principal/partner with [Edwards & Zuck](#), where he was responsible for building the firm's Miami office and designing projects with a total construction value of more than \$1 billion.

Giustino has experience in the design of mechanical, electrical, plumbing, and fire protection systems for various building-types.

URBAN ENGINEERS HIRES LEADER FOR STATE COLLEGE OFFICE [Urban Engineers](#) (Philadelphia, PA), an engineering and management firm, recently hired **Ed Gannon** as vice president and regional manager for its office in State College, Penn. In this position, Gannon is responsible for business development in all markets and services, overseeing and assuring the quality of the office's work, and serving as a project manager and QA/QC supervisor for the firm's Vertical Markets Division.

Gannon has more than 30 years' experience and most recently served as the manager of design services at the Offices of Physical Plant at Pennsylvania State University, where he oversaw 30 professionals who conducted nearly \$4 million of design work annually. Gannon oversaw Penn State's BIM efforts and was charged with making the university greener, which he achieved by implementing LEED certification standards.

RIEMANN RECEIVES PROMOTION, 2015 DELAWARE YOUNG ENGINEER AWARD **J. Michael Riemann** has been promoted to associate principal with [Becker Morgan Group](#) (Dover, DE), a full-service design firm specializing in architecture, engineering, surveying, land planning, and interior design. Riemann has ascended through the firm's ranks, starting as an intern in 1997, joining full-time as a civil designer in 2001, advancing to associate in 2006, and becoming a senior associate in 2009. In addition to his promotion, Riemann was named the 2015 Young Engineer of the Year by the Delaware Council of Engineering Societies.

KCCT ANNOUNCES RECENT PROMOTIONS, ADDITIONS [Karn Charuhas Chapman & Twohey](#) (Washington, DC) an architecture, planning, and interiors firm, has announced that **Jamie Leclerc** will serve as its director of government interiors and that **Patricia Raimondeau** has joined the firm as a senior designer in its Corporate Interiors studio.

Leclerc has more than 30 years' experience in interior design and has worked on a wide range of public and private projects. She has served in leadership roles for renovation and new construction projects and has provided design direction and technical oversight for interiors projects at KCCT since 2000.

Raimondeau has more than 20 years' experience in corporate, residential, and healthcare interiors.

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improving. If you do take them for granted, they could be gone.

- **Get some money into some other assets.** Look – I love private firm ownership and love to see people reinvesting in their own businesses, ones they understand and ones they control. But I also realize the benefits of **SOME** diversification. Your 401K is part of that, but let's face it, we're all pawns in the scheme of things when it comes to the public markets. Someone always knows more than we do. I would be looking at real estate (it is still favored tax-wise), other businesses you have an interest in or want to get your kids or other family members into, and even investing in hobbies such as classic guitars or antique cars (antique cars, by the way, have done better supposedly than any other investment over the past 20 years). Get some

money into some other stuff, so if it gets ugly, you won't wash out.

- **Look ahead.** Think about what you really want to do with what's left of your life. You may live into your mid-'90s like my parents, who still live in their own house and drive daily. Or you may die next week from an illness you don't even know you have. Either way, you should be planning for your exit from the company. Who is your successor? Does this person know it? Does everyone else know it? If not – or if you don't have one – get on it **NOW**. The value of your ownership – the very fate of your company – depends on it.

I hope these good times continue. But if they don't – and you know they won't – it's best to be prepared. ▀

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THE ZWEIG LETTER

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TALK TO US

Is your firm experiencing unprecedented growth? Did you take steps during the recession that you're reaping the benefits of now? What measures are you currently implementing to ensure prosperity in the next downturn? Email your story to abennett@zweiggroup.com.

HISTORY

Remember military engineers

Memorial Day celebrations might include paying homage to combat engineers who have given lives on battlefields.



By ANDREA BENNETT
Managing Editor

Memorial Day, originally called Decoration Day, was initiated the year after the Civil War ended to honor fallen soldiers. In the late 19th Century, the holiday became known as Memorial Day and was expanded to pay homage to deceased veterans from all wars fought by American forces. It became a federal holiday in 1971 and was given the floating celebration date of the last Monday in May.

Combat engineers ... are soldier specialists who perform various construction and demolition tasks during battle..

As many of us celebrate Memorial Day by closing our offices, holding a backyard barbecue, and possibly visiting a cemetery to honor familial veterans, we might also note the service engineers who have worked tirelessly – and some who gave their lives – to help ensure Americans' freedom and safety.

Much like their civilian counterparts, military engineers choose specialties, which range from project management to combat support. Many engineers obtain officer status, which requires a bachelor's degree in civil, electrical, environmental, or mechanical engineering or architecture. Though the requirements and placements vary, each major branch of the U.S. military employs engineers. Engineers working in departments such as research and development might never step on a battlefield, but combat engineers are routinely included on soldier teams in hostile territory.

Combat engineers (AKA “field engineers,” “pioneers,” or “sappers”) are soldier specialists who perform various construction and demolition tasks during battle. Not only are these professionals responsible for “traditional” civilian engineering roles – such as bridge construction – but they are also in charge of explosives – commonly used to clear routes or terrains for easier mobility – and for removing improvised explosive devices. Demolition and detonation are as important as construction to combat engineers, thus, many combat engineering fatalities are related to explosives.

Among the veteran engineers we might remember this Memorial Day is Sergeant First Class Paul Ray Smith, an Army combat engineer, who received the Medal of Honor posthumously in 2005.

According to Smith's Medal of Honor citation, he was constructing a prisoner of war holding facility in Baghdad in April 2003 when the area came under attack. Smith “quickly organized a hasty defense” and “braved hostile enemy fire to personally engage the enemy with hand grenades and antitank weapons and organized the evacuation of three wounded soldiers” from a vehicle that had been struck by a rocket. Smith was mortally wounded during the incident, but his “courageous actions helped defeat the enemy attack ... while allowing the safe withdrawal of numerous wounded soldiers.” ▀

CONTINUING TO SERVE

When they return home, military engineers most often are deployed in response to man-made and natural disasters, which usually involve the maintenance of U.S. water systems and contributing to sustainable environmental efforts.

DID YOU KNOW?

The 17th Armored Engineer Battalion, part of the 2nd Armored Division “Hell on Wheels,” was active in the North African and Western Europe campaigns of World War II. The Battalion's motto is “We pave the way,” and its goal is to facilitate the movement of allies while slowing enemy forces. The roles of the 17 soldiers include construction and demolition tasks, such as constructing and breaching trenches, tank traps, and other fortifications; bunker, bridge, and road construction; and laying or clearing land mines. The unit was originally trained at Fort Benning, Georgia, and is now based at Fort Hood, Texas.

LEARN MORE

- Society of American Military Engineers (same.org)
- *The Military Engineer* (themilitaryengineer.com)
- *Engineers at War: The United States Army in Vietnam* by Adrian G. Traas (history.army.mil/html/books/091/91-14-1/CMH_Pub_91-14.pdf)
- Daniel K. Inouye Asia-Pacific Center for Security Studies: “Military engineer to support security cooperation operations” (apcss.org/wp-content/uploads/2012/03/lloyd_article.pdf)
- *The Guardian*: On Memorial Day, let's remember the environmental veterans of war (theguardian.com/commentisfree/cifamerica/2012/may/24/memorial-day-environmental-veterans-war)

TALK TO US

Do you have an interesting story to tell? Did you get your start in engineering, architecture, or environmental consulting in an unconventional way? Let us know. We'd love to contact you and feature you in an upcoming case study. If interested, please email abennett@zweiggroup.com.



GOOD TO KNOW

The 10 Commandments OF LEADERSHIP



1 Thou shalt remain optimistic.

Your employees are watching you, so don't let your worries and concerns cast a dark cloud over the organization.



2 Thou shalt set a clear direction.

Your employees need to know where you're leading them in order to confidently follow you.



3 Thou shalt establish a plan.

Though plans can be amended when necessary, if you have failed to plan, then you have planned to fail.



4 Thou shalt secure resources.

You must be able to provide necessary equipment and hire employees who know how to use it.



5 Thou shalt listen attentively.

Leaders must have the ability to understand what others need and the desire to serve the common good.



6 Thou shalt always have an agenda for meetings.

Let everyone know beforehand the topics and how long it will take.



7 Thou shalt never publicly criticize.

Public shaming leads to resentment. If reprimand is needed, do it privately.



8 Thou shalt not ask someone to do something thou wouldst not do.

There should be no task beneath you.



9 Thou shalt not make thyself a bottleneck.

To be a great leader, you must also be a great delegator.



10 Thou shalt acknowledge thy team.

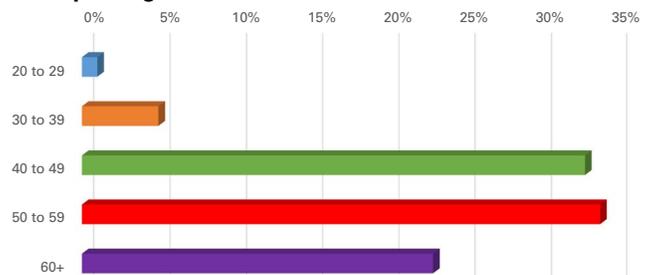
True leaders share credit for successes.

Source: James, G. (2015). *The 10 commandments of leadership*. Inc. www.inc.com

WHO'S LEADING A/E/P & ENVIRONMENTAL FIRMS?

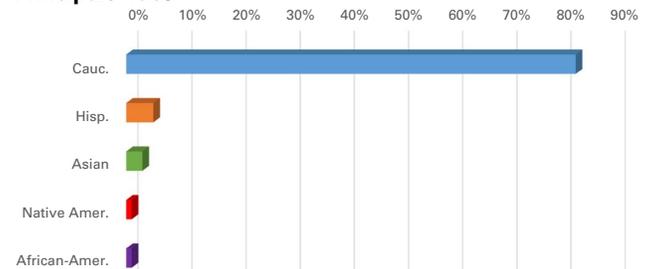
According to Zweig Group's 2015 *Principals, Partners, & Owners Survey of Architectural, Engineering, Planning & Environmental Consulting Firms*:

Principals' age



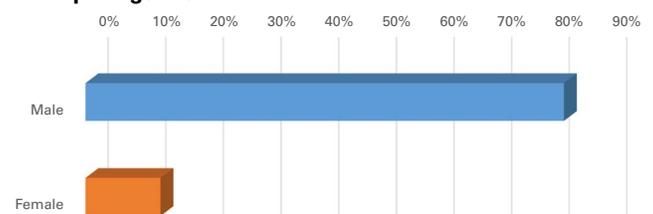
The majority (34 percent) of A/E/P and environmental principals are 50-59 years old. Thirty-three percent are 40-49 years old, 23 percent are age 60 or older, 5 percent are age 30-39, and 1 percent are age 20-29.

Principals' race



The majority (83 percent) of A/E/P and environmental principals identify as Caucasian. Five percent identify as Hispanic, 3 percent identify as Asian, 1 percent identify as Native American, and 1 percent identify as African-American.

Principals' gender



The majority (83 percent) of A/E/P and environmental principals are male, and 13 percent are female.

STAY UP-TO-DATE

Many business publications regularly publish articles on leadership and offer free digital newsletters, including:

- **Entrepreneur:** entrepreneur.com/topic/leadership
- **Fast Company:** fastcompany.com/section/leadership-now
- **Forbes:** forbes.com/leadership
- **Fortune:** fortune.com/leadership
- **Harvard Business Review:** hbr.org/topic/leadership
- **Inc.:** inc.com/lead
- **strategy+business:** strategy-business.com/strategy_and_leadership

What's your incentive?

- DID YOU KNOW?
- This four-page section can be removed for reference and sharing!

Accountants weigh in on the best way to align compensation to employee performance for increased output and higher morale.

By LIISA ANDREASSEN
Correspondent

Are big bonuses coming back? Are incentive compensation programs looking strong? According to Zweig Group's *2014 Incentive Compensation Survey*, incentive compensation has shrunk considerably in the years since the recession, and 2014 was no exception. As a result, fewer firms are budgeting for incentive compensation or bonuses, and total spending on incentive compensation is at a low point.

"Many A/E firms ... have been limiting raises in base salaries to no more than 5 percent. Instead, firms have been trending more toward larger bonuses, payable at year-end, when the results for the year are finally in the record book."

WAITING IT OUT. Paul Gergel is a partner at WithimSmith+Brown, PC, an accounting firm based in Princeton, N.J. He has several clients in the A/E industry, and he reports that when it comes to handing out big bonuses, many are still feeling that burning sensation caused by the recent economic downturn.

"Many A/E firms that I am working with have been limiting raises in base salaries to no more than 5 percent," he says. "Instead, firms have been trending more toward larger bonuses, payable at year-end, when the results for the year are finally in the record book."

Gergel adds that performance bonuses are still the most widely used and seem to hover around 10 percent of base-salary. Firms that used to pay out quarterly incentives have quickly learned that it is better to hold onto the cash and see how the year goes, because once it's out the door, it's not coming back.

Zweig Group's *Survey* also shows that performance bonuses were recognized as the most successful incentive compensation plan, with almost half (46

percent) of respondents voicing that view. In addition, 28 percent of participants said that profit-sharing was their most successful incentive compensation plan. Signing bonuses, holiday bonuses, and referral compensation topped the list of the least successful incentive compensation plans.

"The best incentive-based programs I have seen need to be designed to allow management to have some discretion over a portion of the bonus and not rely solely on a formulaic approach," Gergel says. "The highest performing firms seem to have the richest incentive-based compensation programs."

In fact, over the past year, Gergel has seen incentive-based programs at firms on the fast track grow, on average, 5- 20 percent.

PAYING FOR PERFORMANCE. Jacqueline Weir, director of A/E services at Feeley & Driscoll, a Boston-based accounting firm, says that under a pay-for-performance model, an employee's total compensation is the sum of two distinct parts:

A base component set by the competitive-market pay for a comparable position, factoring in skills and experience, and a variable component determined by how well an individual or group of employees does in meeting specific goals.

The variable-pay an employee receives is based on his/her performance or contribution as determined by measuring the worker's results against individual targets that are set at the beginning of each performance period. Therefore, those who contribute the most get paid the most.

For instance, if a company-wide goal is to retain key clients by providing quality service, the variable-pay of an employee's total compensation could be linked to measurable indicators of delivering quality client service. The logic is, if you set specific goals, employees can earn more by reaching or surpassing those goals. This, in turn, will lead to improved client service.

Essentially, an effective pay-for-performance program should help drive employees' performances toward accomplishing the company's strategic goals. More specifically, it creates clear employee

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SPOTLIGHT ON: Best

Leaders on leading

Q&A with heads of three industry firms sheds light on the skills required to get the best out of employees, the company, and yourself.

By LIISA ANDREASSEN
Correspondent

Leaders are notorious multi-taskers. Depending on firm size, their tasks may range from overseeing project teams to succession planning and maintaining daily peace among the troops. Below, three A/E leaders answer one question each that pertains to leading at their firm.

“Our ownership group regularly checks in on one another to assure both our administrative/management tasks, as well as our project tasks, are being accomplished.”

THE ZWEIG LETTER: As a leader, you demand performance from your team. What about yourself? How do you stay on top of your game?

Jean Carr, principal, [Shea Carr Jewell](#) (Olympia, WA), a 57-person engineering and planning services firm, says that company owners stay engaged by managing projects and interacting directly with clients.

“This keeps us engaged in the day-to-day details of projects and helps us to maintain our connection to staff and clients,” she says. “We also track the same metrics for owners as we do for our employees – utilization, sales, etc. Our ownership group regularly checks in on one another to assure both our administrative/management tasks, as well as our project tasks, are being accomplished.”

“Our strategy for maintaining harmony is to demonstrate that everyone’s opinion is valued.”

TZL: How do you maintain harmony within the firm when orchestrating interaction among those who want to change things and those who prefer sticking with the status quo? How do you decide what actually needs to be changed and what does not?

At [GeoConcepts Engineering, Inc.](#) (Ashburn, VA), a 62-per-

MORE WORDS OF INSPIRATION ...

From time to time, we all need a little professional motivation. Here are a few quotes to remind you of what makes a great leader.

- “The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things.” – Ronald Reagan
- “A leader takes people where they want to go. A great leader takes people where they don’t necessarily want to go, but ought to be.” – Rosalynn Carter
- “No guts, no story.” – Chris Brady

son geotechnical firm, Ted Lewis, principal, says that change is stressful for everyone, but especially for individuals who are set in their ways.

“Our strategy for maintaining harmony is to demonstrate that everyone’s opinion is valued and to make sure that we hear from both pro-change and change-reluctant colleagues,” he says. “We celebrate the changes that result in success, as well as the decisions to not change, which ended up benefiting the company. In any business, there are many opportunities to celebrate both.”

Lewis adds that, in business, every change should be justified by some type of metric – profitability, efficiency, goodwill, etc. – which demonstrates its value.

“Transition planning begins well in advance to allow for shadowing and training in key leadership areas to include operations at every level.”

TZL: Talk a little about succession planning. For example: What type of training occurs? How long does the transition take? What are the challenges during the process, and how are they resolved?

At [MBP](#) (Fairfax, VA), a 273-person multi-disciplined construction consulting firm, Blake Peck, president and COO, says that succession planning for the firm is a concerted five- to seven-year process.

See [LEADING](#), page 8





Forgive, but don't forget

Though everyone makes mistakes, industry leaders say it's the ability to reflect on them, learn from them, and not allow them to reoccur that matters.

By LIISA ANDREASSEN
Correspondent

We've all heard the phrase "forgive and forget." Though admirable, this mantra might not always be the most practical for leadership. Forgiveness is good, but forgetting might lead to problems. That's why it's important for leaders to forgive but also to hold employees accountable and to reflect on the past, when needed.

"The essential objective is to prevent the same error from happening again and move forward ... This approach has proven to be effective for us and leads to good business practices and continuity of leadership."

LEARN, BUT DON'T LET HISTORY REPEAT ITSELF. Mike Wiercinski, president, [A. Morton Thomas & Associates, Inc.](#), (Rockville, MD), a 402-person civil engineering, landscape architecture, surveying, planning, construction inspection, and sub-surface utility engineering firm, says that, despite best efforts, mistakes are made and the firm's leadership works to make each an appropriate learning experience for all involved.

"The essential objective is to prevent the same error from happening again and move forward," he says. "A meeting is held with the involved person or team to understand the reasons for the situation, decide what operational adjustments or training may be needed, and implement a plan to ensure that, moving forward, our high standard of care is met or exceeded."

Wiercinski stresses that recurring mistakes are not acceptable and are dealt with in a different manner.

"This approach has proven to be effective for us and leads to good business practices and continuity of leadership," he says.

Kit Miyamoto, CEO, [Miyamoto International, Inc.](#), a 200-person global earthquake and structural engineering company based on the West Coast, says that it is really not matter of failure or forgiveness; it is matter of lessons learned from the mistake.

"Failure brings growth. If one learns from the mistake, then one should not repeat the same one," he says. "That's the accountability. But this needs to come from within. You cannot enforce this."

Matt Crafton, president and CEO, [Crafton Tull](#) (Rogers, AR), a 275-person architecture and engineering firm, says that when a woman was being accused of sin, Jesus said to her accusers: "He who is without sin be the first to throw a stone." After the accusers had all gone away, he then told the sinful woman to "go and sin no more."

See [FORGIVENESS, page 8](#)

WHAT'S YOUR EMPATHY STYLE?

You may say, "I feel your pain," but do you really mean it? Just how empathetic are you really when you learn of an employee's error?

Psychologist Mark Davis suggests that there are three important types of empathy:

- **Purely cognitive.** You are able to see things from another's point of view. It is important to better understand where someone is coming from, but it's not what we typically think of as empathy.
- **Personal distress.** This is feeling another's emotions. When you are watching a scary movie, and you start to empathize with the hero and feel afraid, that is personal distress in action. You are actually feeling the other's emotion through a process called "emotional contagion."
- **Empathic concern.** This type of empathy is what we most often think about when we hear the term "empathy." It is the ability to recognize another's emotional state, feel in tune with that emotional state, and if it is a negative/distressful emotion, feel and show appropriate concern.

These three types of empathy represent different aspects of our personalities. A person high in perspective-taking may be good at understanding others points of view, but may not get very involved in others' emotions. An individual high on personal distress will, as suggested, be prone to experience others' emotional states, which has good and not-so-good aspects.

In reality, we all have some level of each of the types of empathy. The key is to understand the ways that we are empathic with others, and to realize the strengths and limitations of each type.

INCENTIVES, from [page 5](#)

accountability for what the firm is trying to accomplish.

“Not surprisingly, top performers tend to respond well to these programs. They’re motivated by the clear link between their work and the achievement of company goals. And they enjoy seeing their hard work rewarded — not to mention receiving a larger paycheck,” Weir says.

Pay-for-performance shouldn’t be considered a quick fix for an ailing compensation program or waning company morale. It calls for a detail-oriented approach to how the firm’s various positions are compensated. Nonetheless, if motivation is the goal, a pay-for-performance program may be a feasible means to accomplish it.

EMPLOYEE CHOICE. Gergel says that incentive-based compensation programs, when designed properly, should attract, retain, and motivate key employees.

“Employees favor these plans, since they have a greater sense of controlling their own destiny as the mystery surrounding the calculation of the incentive is made known,” he says. “However, I caution companies from creating a plan without ultimately tying it to the financial stability of the firm. Be aware of your equity and working capital needs before establishing the program. You don’t want to give away the shop at the expense of the overall health of the firm.”

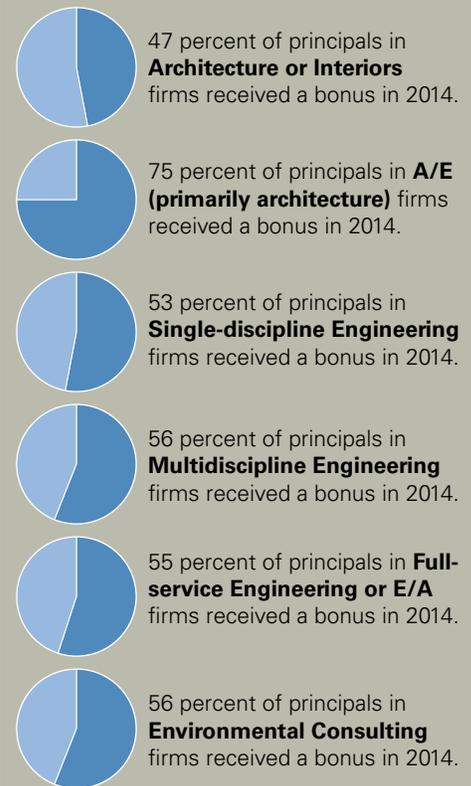
“Naturally, pay-for-performance has its risks,” Weir says. “Some observers believe that companies shouldn’t use compensation to motivate employees because workers might stop focusing on work quality and start focusing solely on money.”

Additionally, workers might feel that the pay-for-performance model pits staff members against each other for the highest raises. This may serve to foster unrest and poor morale instead of the productivity increases initially desired.

“To combat these problems, your company should make the variable components that trigger pay increases as specific as possible,” Weir says. “In addition, you might provide some of the performance-pay on a team basis, rather than just on an individual basis. By providing additional pay to a team, you may help reduce or eliminate rivalry among staff members.” ▀

LEADERSHIP INCENTIVES

Zweig Group’s [2015 Principals, Partners, & Owners Survey of Architectural, Engineering, Planning & Environmental Consulting Firms](#) asked respondents whether they received a bonus or non-shareholder profit distribution in 2014. This question addressed bonuses that principals received regardless of firm ownership. According to the *Survey*:



RESOURCES

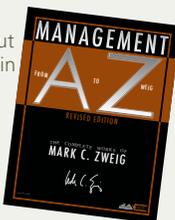
FOR YOUR BOOKSHELF

MANAGEMENT FROM A TO ZWEIG, REVISED EDITION

The book to own, if you are serious about your firm’s success in this industry!

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- More than 18 years’ of articles from The Zweig Letter
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Regardless of your firm’s size, the services you offer, or the clients you work with, *Management from A to Zweig* will address your most pressing management, leadership, and revenue-generating needs.



ZweigGroup.com/books

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“Transition planning begins well in advance to allow for shadowing and training in key leadership areas to include operations at every level,” he says. “We have been working with a strategic consulting firm to conduct research and internal interviews, and offer feedback on key growth areas so that we can invest the time needed to make the transition a smooth one, when the time comes.”

Peck explains that transitioning the next generation leaders’ foci from local or regional perspectives to a more organizationally global one can be a challenge, but it is overcome with job-shadowing and cross-training. ▀

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“This kind of sums up our philosophy at Crafton Tull,” Crafton says.

Crafton realizes that mistakes happen to everyone at some point because people are imperfect and work in an imperfect world.

“We have never fired someone over one technical mistake or one project overrun,” he says. “When a mistake happens, we try to investigate the issue thoroughly to find out what happened and why. Then, we try to learn from that mistake and not make it again.”

Crafton says that the company has also held “project post mortems” to discuss the good and bad, created and published a “snake bite” list of past project issues, and even had its lawyer present to its PM’s about past claims.

“The important thing is to learn and not let history repeat itself,” he says. “In the rare case of repeated mistakes, we have taken appropriate action with the individual.” ▀

Pay it forward

The American Road and Transportation Builders Association's Helping Hand Awards recognize firms that are building better communities.

By LIISA ANDREASSEN
Correspondent



Rob Slimp, CEO,
HNTB.

In its first year, the [Helping Hand Awards](#), sponsored by the transportation development foundation for The American Road and Transportation Builders Association, selected four recipients. The competition honors “organizations within the transportation industry that have exceptional strategic philanthropic programs – outside the scope of normal business operations – that strengthen, build, improve the quality of life and make a positive difference in their communities.”

[HNTB Corporation's](#) centennial anniversary project, 100 Hours of Community Service, was selected the overall winner, and three other programs placed.



Mary Rotelli,
Executive Vice
President & COO,
Teichert.

“It was great to have industry validation of the importance of community services as part of our total business model. I think most contractors genuinely attempt to be good neighbors, so it was a great honor to be selected from among companies we admire to receive this award.”

FIRST PLACE: HNTB CORPORATION, KANSAS CITY, MO. The First Place selection of Kansas City-headquartered HNTB was unanimous. In honor of firm's 100th anniversary in 2014, more than 3,000 employees in 30 metropolitan areas successfully committed to serving their local communities during the firm's 100 Hours of Community Service campaign. The year-long effort yielded more than 10,000 volunteer hours and impacted more than 100 organizations, charities, and causes across the U.S. HNTB's employee-led programs included:

- Helping assist Habitat for Humanity and New York City officials in the rebuilding process for those affected by superstorm Sandy;
- Serving as mentors to a group of 15 students on a library rehabilitation project in Chicago;
- Joining with the National Society of Black Engineers to host the Youth Minority Engineering Night to in-

“It's easy to imagine that a company's success is only due to its great skill and drive, but the truth is that we also need our communities to be healthy if we are to thrive as individuals and as a company.”

roduce civil engineering to high school students in Kansas City;

- Introducing students to the architectural, engineering, and planning industry through hands-on activities and events in Dallas;
- Volunteering in a Wreaths Across America event at Arlington National Cemetery in Arlington, Va., to honor fallen members of the military; and
- Conducting a day-long Work-a-Thon with Hands on DC, an all-volunteer, nonprofit organization dedicated to improving the physical condition of public schools in the nation's capital.

“This award would not have been possible without the dedication of HNTB's employees across the United States who took the time to participate throughout 2014 in the initiative and give back to their respective communities,” says Rob Slimp, HNTB's CEO. “HNTB values the well-being of the communities it serves, so our firm is honored to be recognized for our employees' efforts.”

SECOND PLACE: TEICHERT, SACRAMENTO, CALIF. For more than 15 years, [Teichert's](#) volunteer work crews have rebuilt homes for frail or elderly people through its Rebuilding Together program; renewed community centers; renovated teen centers; built outdoor classrooms for urban farms; sponsored Big Brothers/Big Sisters programs; funded sports-friendly wheelchairs for disabled veterans; and repurposed, planned, and funded renovations for women's domestic violence shelters in California.

Firm employees have contributed more than \$150,000 to projects like NeighborWorks, an education and counseling agency for low-income home owners and helped to renovate Cristo Rey High School, which provides work internships for students. In addition to matching employee charitable

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contributions up to \$250, the firm's ongoing community commitment is demonstrated through its Teichert Foundation, which has granted more than \$10 million to local organizations since 2009.

"It was great to have industry validation of the importance of community services as part of our total business model," Mary Rotelli, executive vice president and COO, says. "I think most contractors genuinely attempt to be good neighbors, so it was a great honor to be selected from among companies we admire to receive this award."

She adds: "It's easy to imagine that a company's success is only due to its great skill and drive, but the truth is that we also need our communities to be healthy if we are to thrive as individuals and as a company."

"There are many outstanding philanthropic programs that show our industry's commitment to the greater good. Helping Hand Awards shine a public spotlight on some of the most notable, while providing real-world examples that others can follow."

THIRD PLACE: WAGMAN COMPANIES, INC., YORK, PA. [Wagman's](#) giving programs are continuously evolving and changing to meet the needs of the community. The company provides financial support to more than 50 worthy nonprofit organizations annually, matches all employee charitable contributions up to \$100 and encourages all employees to volunteer time and talents eight hours a year, and board members five hours a month, to charitable causes.

Wagman's notable community outreach programs include United Way's Day of Caring, National Work Zone Awareness Week, sending holiday care packages for troops, building shelters for homeless veterans, design and construction of a Buddy Bench at a local elementary school, the ALS Ice Bucket Challenge and canned food drives for local food banks.

"Community is a core value at Wagman, and this award was a huge accomplishment for us," Lisa Wagman Glezer, vice president of communications, says. "We take great pride in our community program, but to receive national recognition in front of industry peers is very humbling. We were thrilled to share the news with everyone at Wagman."

Glezer adds that construction projects have the ability to positively impact communities and says that everyone at Wagman has the option to use time, talent and/or money to benefit nonprofit organizations and to improve their communities.

"Employee engagement is a key part of our community program," she says.

FOURTH PLACE: GHILOTTI BROS., INC.: SAN RAFAEL, CALIF. In 2014, [Ghilotti Bros. Inc.](#) gave more than \$160,000 in donations to organizations across California to support returning veterans, underprivileged youth, and the homeless and to promote research on environmental and health initiatives.

The company focuses on donating in-kind work for baseball fields and providing financial support to organizations that serve the community's youth such as Larkin Street Youth Services, Food for the Poor, Big Brothers/Big Sisters, Boys and Girls Club, and Marin Athletic Club. GBI also helped build Gilead House – a domestic violence shelter for women.

"There are many outstanding philanthropic programs that show our industry's commitment to the greater good. Helping Hand Awards shine a public spotlight on some of the most notable, while providing real-world examples that others can follow," said ARTBA-TDF Chairman Leo Vecellio, chairman and CEO of [Vecellio Group, Inc.](#) 

GOOD TO KNOW

SIX REASONS

FIRMS SHOULD EMBRACE

Though not a panacea to the world's problems, corporate social responsibility (CSR) – business practices that involve participating in initiatives that benefit society – is a way for firms to benefit themselves and others. Firms that engage in CSR receive:



1. INNOVATION

In the context of CSR, innovation is a great benefit to society and firm, especially in terms of sustainability.



2. COST SAVINGS

One of the easiest ways for a firm to initiate sustainability efforts is to use them to cut costs.



3. BRAND RECOGNITION

Consumers notice when companies engage in CSR, and many choose to support those that do.



4. LONG-TERM THINKING

CSR provides a context for firms to examine their long-term interests and ensure their futures.



5. CUSTOMER ENGAGEMENT

The message of doing "good" can provide new and easier ways to interact with customers.



6. EMPLOYEE ENGAGEMENT

CSR can provide new and interesting ways to engage employees and their unique strengths.

Source: *Forbes*. www.forbes.com.

EDITOR'S NOTE

Over the coming months, **THE ZWEIG LETTER** will highlight stories of firms that are engaging in acts of corporate social responsibility. Forthcoming topics include donations to universities, company-wide volunteerism, and direct outreach to countries devastated by natural disasters.

If your organization has conducted or participated in a social outreach initiative – local, regional, national, or global – we'd love to tell your story!

Please email details to Andrea Bennett at abennett@zweiggroup.com.

Bonding design-builds

The Design-Build Institute of America has released new bond form for design-build projects; here's what you need to know.



Bill Quatman

GUEST SPEAKER

The Design-Build Institute of America began publishing contract forms in 1998 but has never published a surety bond form until now. Users of DBIA's documents had to work with bond forms produced by other organizations that were not necessarily appropriate for design-build. This gap needed to be closed in DBIA's menu of contract documents, and so an effort began over two years ago to identify forms missing from its "family" of documents and forms missing in the industry overall. That analysis led to the development of 14 new surety forms released this month.

WHAT'S NEW? The new [DBIA forms](#) include eight new bond forms, covering various stages of a design-build project and several contract arrangements, as well as six "consent of surety" forms related to partial release of retainage and final payment. Early in the drafting of these bonds, DBIA reached out to the National Association of Surety Bond Producers and the Surety and Fidelity Association of America for input.

When design-build began to get traction ... sureties worried that they would get saddled by 'E&O' claims when design-builders or their design consultants were uninsured or under-insured. In reality, however, this has rarely happened."

"We want these bonds to be used in the industry, and knew that we needed input from those who sold and underwrote surety bonds. So we went to NASBP and SFAA," says Lisa Washington, executive director of DBIA. "Both organizations were eager to assist, lending assistance in drafting and 'brain-storming' about the unique aspects of design-build and the concerns of sureties, owners, design-build firms, and design professionals. It was not always easy, and, in fact, a few times negotiations broke down. But, in the end, the drafters reached a consensus on language that serves all parties' interests and will benefit the industry. All 14 of the new DBIA forms have been endorsed by both NASBP and SFAA for use by their members."

SOME TOUGH ISSUES. When design-build began to get traction in the construction industry, sureties

NEW DBIA BOND DOCUMENTS

Form Name	Doc. No.
Proposal Bond	610
Warranty Bond	615
Design-Builder Performance Bond	620
Design-Builder Payment Bond	625
Sub-Performance Bond	630
Sub-Payment Bond	635
General Contractor Performance Bond	640
General Contractor Payment Bond	645
Consent of Surety to Partial Release of Retainage to D-B	500D6
Consent of Surety to Release of Final Payment to D-B	500D7
Consent of Surety to Partial Release of Retainage to Subcontractor	500D6S
Consent of Surety to Release of Final Payment to Subcontractor	500D7S
Consent of Surety to Partial Release of Retainage to General Contractor	500D6GC
Consent of Surety to Release of Final Payment to General Contractor	500D7GC

raised concerns about becoming the errors-and-omissions insurers for design firms. Sureties worried that they would get saddled by "E&O" claims when design-builders or their design consultants were uninsured or under-insured. In reality, however, this has rarely happened. One reason is that design-build is often used on public projects or for sophisticated owners who require proof of professional liability insurance of sizeable limits.

"Large contractors doing design build teamed with large design firms, most often," says Jim Whitaker, immediate past chair of DBIA. "Those contrac-

See [BILL QUATMAN, page 12](#)



BILL QUATMAN, from [page 11](#)

tors did due-diligence in selecting their design partners and required adequate insurance limits appropriate for the project. The result has been that sureties have not seen a rash of design errors and omissions claims made against performance bonds, as was feared.”

Performance bonds published by the Engineers’ Joint Contract Documents Committee and ConsensusDOCS specifically exclude any claim that might otherwise be covered by professional liability insurance. (See, e.g. EJCDC’s form no. D-610, Par. 12, 2002 edition) and ConsensusDOCS form 470, Par. 3 (2007 edition). DBIA’s board of directors and legal advisors felt that this was a cop out in the drafting of design-build bonds.

The new DBIA performance bonds have no design ‘carve outs’ – a major difference from their competitors in the marketplace.

For many owners, design-build’s biggest selling point is “single-point” responsibility, one-stop shopping.

“The responsibility rests with the design-builder,” as current DBIA chair Peter Kinsley says.

So, how do you tell an owner that the design-build contract covers all risks, whether design or construction, but the performance bond for that same contract does not?

“There was a disconnect between contractual responsibilities and bond protection,” Kinsley says.

“We either take the issue of single-point responsibility seriously, or not,” Washington says.

So, the discussion between DBIA drafters and their counterparts at NASBP and SFAA got into these philosophical issues of owner expectations, best practices and bonds that matched the contract terms.

The new DBIA performance bonds have no design “carve-outs” – a major difference from their competitors in the marketplace.

“As a public owner, we would avoid a bond configuration for a design-build project that excluded design errors or omissions and/or coverage for basic A-E services,” says Jacob Williams, the assistant director of public works for Los Angeles County. “So for us to use the DBIA bond, this was essential. The bond has to cover the entire design-build contract.”

Payment Bond Coverage for Services. The new DBIA payment bonds clearly protect design consultants who don’t get paid. By adding “services” to the list of items that can support a bond claim, architects and engineers have the same protection given to unpaid trade subcontractors. This is in response to court cases, like the 1994 Arizona case in which an architectural firm was denied recovery of over \$14,000 in fees under the contractor’s bond since the payment bond covered only “labor, materials, or construc-

tion equipment.” The court held that professional architectural services are not “labor or material” as defined in the statute.¹

“We see no reason why an architect who is a subcontractor should not have equal standing to make a payment bond claim as the electrical sub,” says Whitaker. “More and more states are granting mechanic’s lien rights to design professionals in recognition that their services help to improve the property. So, if they are not timely paid by a design-builder, we agree that they should be able to seek relief from the surety.”

For many owners, design-build’s biggest selling point is ‘single-point’ responsibility, one-stop shopping.

The Various Tiers of Bonds. Design-build is not always delivered in one structure. While the most common team formation is a contractor-led team (as prime) who subcontracts with trade subs and design consultants, there are other variations. Those include: joint ventures; designer-led teams; developer-led teams; and so-called “IPDs” (or tri-partite contracts between owner, contractor and designer). The new DBIA bonds have forms for use in any setting, whether the surety is bonding a design-build prime, a subcontractor or a contractor. “We wanted an off-the-rack form rather than have parties do massive red-lining of the bonds to fit a different delivery method,” says DBIA’s Lisa Washington.

“Our members asked for an expanded series of forms, and our Contract Documents Task Force responded to their call.”

MORE IN THE WORKS FROM DBIA. The new 14-bond family is part of a roll out of over forty new DBIA forms in the next two years.

“Our members asked for an expanded series of forms,” Washington says, “and our Contract Documents Task Force responded to their call.”

DBIA had a great experience negotiating and drafting these new bond forms with SFAA and NASBP, its staff and committee members with a thoughtful exchange of ideas and risk allocation. It has involved some give and take on all sides, but in the end, this will be a set of bond forms that DBIA members and sureties can use without modification, knowing that their associations have endorsed documents that are appropriate for design-build. For more information, go to dbia.org. ▀

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1: *Fields Hartwick Architects v. Capitol Indemnity Corp.*, 884 P.2d 198 (Ariz. App. 1994).